

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF MARYLAND  
(BALTIMORE DIVISION)**

In re: \* Chapter 11  
**NOVATION COMPANIES, INC., *et al.***,<sup>1</sup> \* Case No. 16-19745, 16-19747-19749 (DER)  
\* (Jointly Administered)  
\*  
Debtors.

\* \* \* \* \*

**NOTICE OF FILING FORM OF (A) AMENDED INDENTURE AND  
(B) AMENDED SENIOR NOTES PURSUANT TO THE DEBTORS' FIRST  
AMENDED JOINT CHAPTER 11 PLAN OF REORGANIZATION OF  
(i) NOVATION COMPANIES, INC. AND (ii) NOVASTAR MORTGAGE LLC**

PLEASE TAKE NOTICE that in accordance with the Debtors' First Amended Joint Chapter 11 Plan of Reorganization of (i) Novation Companies, Inc. and (ii) Novastar Mortgage LLC dated April 4, 2017 (the "Plan")<sup>2</sup> [ECF No. 396], attached hereto are the:

- A. Form of Amended Indenture;<sup>3</sup> and
- B. Form of Amended Notes.

PLEASE TAKE FURTHER NOTICE that in accordance with Section 3.02(b)(2)(B) of the Plan, should the Debtors elect not to reinstate the Noteholder Claims, or if the Bankruptcy Court determines that the Debtors have insufficient funds to reinstate the Noteholder Claims (*i.e.*, holders of claims under the following three series of indentures: Indenture (Series 1), dated as of March

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<sup>1</sup> The Debtors in these chapter 11 cases are: (i) Novation Companies, Inc. f/k/a NovaStar Financial, Inc., (ii) NovaStar Mortgage LLC f/k/a NovaStar Mortgage, Inc., (iii) NovaStar Mortgage Funding Corporation and (iv) 2114 Central, LLC f/k/a Advent Financial Services, LLC.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan.

<sup>3</sup> On or prior to the filing of the Plan Supplement, the Plan Debtors intend to modify the Plan to provide for the interest rates to Class 2 Noteholders at the rate set forth in the Amended Indenture.

22, 2011, between NovaStar Financial, Inc. and The Bank Of New York Mellon Trust Company, National Association, as Trustee; Indenture (Series 2), dated as of March 22, 2011, between NovaStar Financial, Inc. and The Bank Of New York Mellon Trust Company, National Association, as Trustee; Indenture (Series 3), dated as of March 22, 2011, between NovaStar Financial, Inc. and The Bank Of New York Mellon Trust Company, National Association, as Trustee), the Holders of such Noteholder Claims shall receive their pro rata share of the Amended Senior Notes payments.

PLEASE TAKE FURTHER NOTICE that the issuance of the Amended Indenture and the Amended Senior Notes is subject to the Bankruptcy Court's confirmation of the Plan, the terms and conditions set forth therein and any order confirming the Plan, and the occurrence of the Effective Date.

Date: May 8, 2017

Respectfully submitted,

/s/ Joel I. Sher

Joel I. Sher, Bar No. 00719  
SHAPIRO SHER GUINOT & SANDLER  
250 W. Pratt Street, Suite 2000  
Baltimore, Maryland 21201  
Tel: 410-385-4277  
Fax: 410-539-7611  
Email: [jis@shapirosher.com](mailto:jis@shapirosher.com)

-and-

/s/ Adam H. Friedman

Adam H. Friedman, admitted *pro hac vice*  
OLSHAN FROME WOLOSKY LLP  
1325 Avenue of the Americas  
New York, New York 10019  
Tel: 212-451-2216  
Fax: 212-451-2222  
Email: [AFriedman@olshanlaw.com](mailto:AFriedman@olshanlaw.com)

*Counsel to the Debtors and Debtors in Possession*

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this 8th day of May, 2017, a copy of the *Debtors' Notice of Filing Form of (A) Amended Indenture and (B) Amended Senior Notes Pursuant to the Debtors' First Amended Joint Chapter 11 Plan of Reorganization of (i) Novation Companies, Inc. and (ii) Novastar Mortgage LLC dated April 4, 2017* was served on the parties listed below by electronic mail.

Jason W. Harbour, Esquire  
Nathan Kramer, Esquire  
Tyler P. Brown, Esquire  
HUNTON & WILLIAMS, LLP  
Riverfront Plaza, East Tower  
951 East Byrd Street  
Richmond, VA 23219  
[jharbour@hunton.com](mailto:jharbour@hunton.com)  
[nkramer@hunton.com](mailto:nkramer@hunton.com)  
[tpbrown@hunton.com](mailto:tpbrown@hunton.com)

***Counsel for Creditors' Committee***

John W. Weiss, Esquire  
ALSTON & BIRD LLP  
90 Park Avenue  
New York, New York 10016  
[John.weiss@alston.com](mailto:John.weiss@alston.com)

Scott J. Pivnick, Esquire  
ALSTON & BIRD LLP  
The Atlantic Building  
950 F Street, N.W.  
Washington, D.C. 20004  
[Scott.pivnick@alston.com](mailto:Scott.pivnick@alston.com)

***Attorneys for Taberna Preferred Funding I, Ltd. and Taberna Preferred Funding II, Ltd. (c/o TP Management LLC)***

Thomas C. Goodhue, Esquire  
HUNTON & WILLIAMS LLP  
2200 Pennsylvania Ave., NW  
Washington, DC 20037  
[tgoodhue@hunton.com](mailto:tgoodhue@hunton.com)

Jonathan T. Edwards, Esquire  
ALSTON & BIRD LLP  
One Atlantic Center  
1201 West Peachtree Street  
Atlanta, GA 30309  
[Jonathan.edwards@alston.com](mailto:Jonathan.edwards@alston.com)

Hugh Bernstein, Esquire  
Katherine A. Levin, Esquire  
OFFICE OF THE U.S. TRUSTEE  
101 West Lombard Street, Suite 2625  
Baltimore, MD 21201  
[Hugh.M.Bernstein@usdoj.gov](mailto:Hugh.M.Bernstein@usdoj.gov)  
[Katherine.A.Levin@usdoj.gov](mailto:Katherine.A.Levin@usdoj.gov)

Susan R. Sherrill-Beard, Esquire  
U.S. SECURITIES AND EXCHANGE  
COMMISSION  
Office of Reorganization (Atlanta Regional  
Office)  
950 East Paces Ferry Road, N.E., Suite 900  
Atlanta, GA 30326-1382  
[sherrill-beards@sec.gov](mailto:sherrill-beards@sec.gov)  
***Counsel for U.S. Securities and Exchange  
Commission***

Michael S. Etkin, Esquire  
Andrew Behlmann, Esquire  
Keara M. Waldron, Esquire  
LOWENSTEIN SANDLER LLP  
65 Livingston Avenue  
Roseland, New Jersey 07068  
[metkin@lowenstein.com](mailto:metkin@lowenstein.com)  
[abehlmann@lowenstein.com](mailto:abehlmann@lowenstein.com)  
[kwaldron@lowenstein.com](mailto:kwaldron@lowenstein.com)

Joel P. Laitman, Esquire  
Christopher Lometti, Esquire  
Michael B. Eisenkraft, Esquire  
Daniel B. Rehns, Esquire  
Robert Dumas, Esquire  
COHEN MILSTEIN SELLERS & TOLL PLLC  
88 Pine Street  
New York, New York 10005  
[jlaitman@cohenmilstein.com](mailto:jlaitman@cohenmilstein.com)  
[clometti@cohenmilstein.com](mailto:clometti@cohenmilstein.com)  
[meisenkraft@cohenmilstein.com](mailto:meisenkraft@cohenmilstein.com)  
[drehns@cohenmilstein.com](mailto:drehns@cohenmilstein.com)  
[rdumas@cohenmilstein.com](mailto:rdumas@cohenmilstein.com)

Alan M. Grochal, Esquire  
TYDINGS & ROSENBERG LLP  
100 East. Pratt Street, 26th Floor  
Baltimore, Maryland 21201  
[agrochal@tydingslaw.com](mailto:agrochal@tydingslaw.com)

***Counsel for Interested Party, New Jersey Carpenters Health Fund***

Kyle J. Moulding, Esquire  
MCCABE, WEISBERG & CONWAY, LLC  
312 Marshall Avenue, Suite 800  
Laurel, Maryland 20707  
[bankruptcymd@mwc-law.com](mailto:bankruptcymd@mwc-law.com)

***Counsel for Creditor U.S. Bank National Association, as Trustee for J.P. Morgan  
Mortgage Acquisition Trust 2006-HE3, Asset Backed Pass-Through Certificates, Series 2006-  
HE3***

Irving E. Walker, Esquire  
Cole Schotz P.C  
300 E. Lombard Street, Suite 1450  
Baltimore, MD 21202  
[iwalker@coleschotz.com](mailto:iwalker@coleschotz.com)

Mark Tsukerman, Esquire  
Cole Schotz P.C  
1325 Avenue of the Americas  
19th Floor  
New York, NY 10019  
[mtsukerman@coleschotz.com](mailto:mtsukerman@coleschotz.com)

***Counsel for Oberon Securities, LLC***

Matthew G. Summers, Esquire  
BALLARD SPAHR LLP  
300 El. Lombard Street, 18th Floor  
Baltimore, Maryland 21202  
[summersm@ballardspahr.com](mailto:summersm@ballardspahr.com)

Paul Laurin, Esquire  
BARNES & THORNBURG LLP  
2029 Century Park East, Suite 300  
Los Angeles, California 90067  
[Paul.Laurin@btlaw.com](mailto:Paul.Laurin@btlaw.com)

***Counsel for Butler America, LLC and Healthcare Staffing, Inc.***

Martin H. Schreiber, II, Esquire  
Law Office of Martin H. Schreiber II, LLC  
3600 Clipper Mill Road, Suite 201  
Baltimore, Maryland 21211  
Email: [mhs@schreiber-law.com](mailto:mhs@schreiber-law.com)

James Gadsden, Esquire  
Leonardo Trivigno, Esquire  
CARTER LEDYARD & MILBURN LLP  
Two Wall Street  
New York, New York  
Email: [bankruptcy@clm.com](mailto:bankruptcy@clm.com)

***Counsel for The Bank of New York Mellon Trust Company, N.A., not in its individual capacity but solely in its capacity as Trustee under certain Indentures***

Brett H. Miller, Esquire  
MORRISON & FOERSTER LLP  
250 West 55th Street  
New York, New York 10019  
[brettmiller@mofo.com](mailto:brettmiller@mofo.com)

***Counsel to Kodiak CDO I, Ltd. c/o EJF Investments Manager, LLC (f/k/a Kodiak Capital Management Company, LLC)***

/s/ Joel I. Sher  
Joel I Sher